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MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Palestine

**REFERENCE: B. Memorandum from Office of Secretary of Defense
dated 26 August 1948, same subject**

**ENCLOSURE: A. Addendum to ORE 36-48 (Possible Developments from
the Palestine Truce)**

1. Enclosure A is forwarded in response to reference request for an estimate to supplement ORE 36-48.

2. The supplement estimate has not been coordinated with the departmental intelligence organizations, but is now in process of being coordinated, after which it will be disseminated to holders of the basic estimate.

R. H. HILLENKOTTER
REAR ADMIRAL, U. S. N.
DIRECTOR OF CENTRAL INTELLIGENCE

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CENTRAL INTELLIGENCE AGENCY

31 August 1948

Addendum to ORE 38-48

POSSIBLE DEVELOPMENTS FROM THE PALESTINE TRUCE

CIA has been requested by the Office of the Secretary of Defense to review and bring up to date ORE 38-48 (Possible Developments from the Palestine Truce, 27 July 1948). An analysis of recent events in Palestine shows little reason for changing substantially the estimates made in that study.

a. Because the support given the Mediator has not been sufficient for effective enforcement of the truce, sporadic fighting and the acquisition of arms and fighting personnel (chiefly by Israel) have continued. Minor violations have been neither investigated nor checked; provocative incidents have consequently become more and more frequent and serious until the situation has deteriorated to a point where the continuation of even an uneasy truce appears highly problematical. The Jews have taken advantage of the inadequacies of the truce enforcement machinery and have become increasingly belligerent and uncooperative. Recent Arab statements emphasize that unless the UN is prepared to deal promptly and firmly with these continued breaches of the truce, the Arabs will have no choice but to resume fighting.

b. It has become even more apparent that the Mediator cannot effect an acceptable permanent solution for the Palestine problem. Count Bernadotte himself is apparently convinced of this. His tentative efforts toward reaching a settlement have succeeded only in exacerbating the feelings of both Arabs and Jews, and he reportedly considers that the whole question will inevitably come up before the General Assembly once again in September.

c. The USSR continues to follow a course productive of instability and insecurity in the Middle East. On 19 August the Security Council, in response to a warning that the situation was "gradually getting out of hand," ordered both Israeli and Arab forces to stop violations of the truce. The USSR voted for the general resolution but abstained from voting on the paragraphs demanding punishment for truce violations and reiterating that neither Jews nor Arabs be permitted to gain a military or political advantage during the period of the truce. (Reports indicate that some materiel is moving from the Soviet bloc to Israel and the Arab states, the greater part going to Israel; the volume may be expected to increase if hostilities are resumed.) ORE 38-48 envisaged the possibility of the Arab states seeking Soviet assistance if they believed their cause to be in jeopardy. An increase in diplomatic activity between Syria and the USSR has recently been reported. One account (transmitted as "possibly true") states that the Syrian Minister in Moscow has been instructed to obtain from the Kremlin a definite statement with regard to: (1) what the USSR would do for Syria, or for all the Arab

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states, if Syria should be instrumental in bringing the Arab states into the Soviet sphere; and (2) what guarantees the USSR could give that, once Syria had entered the Soviet sphere, Soviet influence would stop at "reasonable" limits. Another report indicates the possibility that Syria is considering granting military bases to the USSR in exchange for aid in Palestine. These and similar reports have not been confirmed; however, the possibility of a rapprochement with the USSR becomes stronger as Arab discouragement increases.

d. A continuing threat to peace in Palestine is the possibility of independent action by extremist groups on both sides, particularly the Jewish Irgun Zvai Leumi (IZL) and Stern Gang. Persistent Jewish violations in the Jerusalem area are apparently designed to bring the city (or at least the major portion of it) within the Jewish state by establishing it as a Jewish-held area. Such action is almost certainly promoted in part by the fear of the Provisional Government of Israel (PGI) that failure to act in Jerusalem might provoke such extreme steps by the IZL and Stern Gang as to force a definite break between these groups and the PGI, thus splitting the Jewish community and weakening the whole Jewish position in Palestine. The Arab governments have been reasonably successful in maintaining order in their countries through the imposition of martial law. When, however, the local populations become wholly aware of the true seriousness of the Arab position and have had time to suffer the full economic and emotional impact of the refugee problem, demonstrations may become so violent as to defy control.

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ENCLOSURE A

RECENT DEVELOPMENTS IN THE PALESTINE SITUATION
(Since inauguration of second truce on 18 July)

1. Arab Refugees.

The most serious population upheaval since the termination of World War II has been the exodus of Palestinian Arabs from Israeli-held areas. The Arab refugees, conservatively estimated at 330,000, exceed in number the Jewish DP's in Europe. The Arab countries have neither the economic resources nor the political stability to absorb such large numbers of destitute refugees. Israel's decision not to allow the refugees to return to their homes has greatly exacerbated Arab bitterness against the Jews.

2. Increased Israeli Intransigence.

Developments in the past few weeks have resulted in a growing feeling of self-sufficiency and confidence on the part of the Israeli which portends willingness to take matters into their own hands without being bound by the UN.

a. The fact that the Israeli forces increased their holdings considerably between the first and second truces and have steadily improved their military potential has resulted in the feeling among the Jews that they have the power to expel the combined Arab armies from Palestine and that consequently the UN, far from protecting the Israeli cause, is actually deterring Israel from expanding.

b. Since the British Mandate ended on 15 May, an estimated 32,500 Jewish DP's have been admitted to Israel. By the end of 1948 Israel hopes to have admitted 125,000. This immigration policy has undoubtedly been responsible in large part for Israel's refusal to readmit Arab refugees, and is encouraging Israeli demands for increased territory over that allotted by the General Assembly partition plan.

c. During the past weeks it has been evident that while Israel has been successful in withstanding Arab military attacks, the continued state of mobilization has constituted a serious drain on its economic resources. Israeli officials have consequently hinted that an indefinite continuation of the truce would be an intolerable burden. Accordingly, the confident Israelis indicate that if a peace settlement is not soon forthcoming, they would prefer a renewal of the conflict since they believe they can now force the Arabs out of Palestine.

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3. Arab Reactions to Truce.

While some truce violations on the part of the Arabs have been reported, the Arab states appear to have been fairly conscientious in cooperating with the Mediator and the UN.

The main recent concern of these countries has been to compose their differences and to strengthen their military alliances so as to present a common front. Israeli expansionist sentiment, which might be implemented by either diplomatic or military methods, is being viewed with increasing misgivings. Some positive countermeasures have been taken. Iraqi and Transjordanian leaders met at Amman on 21 August for the purpose of placing the armies of these two countries under a unified command in the event that hostilities were reopened. President Qawatli of Syria, has urged: (a) the coordination of Arab diplomatic efforts; (b) the placing of the Arab countries on a wartime footing with provision for mutual aid if necessary; and (c) the coordination of a program for obtaining arms and materiel from abroad.

There are definite indications that the irregular Arab Liberation Army is being reorganized at its base in Damascus. Even if a diplomatic settlement is reached, it may be expected that guerrilla warfare will continue for some time to come.

No Arab government is yet prepared to recognize the existence of a Jewish state or to negotiate directly with representatives of Israel. Popular Arab disillusionment with the UN and the Western Powers is almost complete. Unconfirmed but persistent reports suggest that Iraq and Syria are considering the possibility of seeking support from the USSR.

4. Conclusions.

Although the current truce has been more successful than its four-week predecessor (11 June-9 July), it has not been strongly backed or efficiently enforced: e.g., there has been no thorough investigation of the destruction of the Latrun pumping station and other alleged Arab violations; and Israel has not been cited before the UN for its reported breaches of the truce. Moreover, no effective steps have been taken to restrain Israeli expansionist tendencies. Thus the Arabs have lost respect for and faith in the UN, and the Jews feel strong enough to disregard it; consequently, both the truce and the chances for an eventual settlement are jeopardized.

Fear of popular reaction will still prevent any Arab government from recognizing or negotiating with a Jewish state, but determined UN action would probably enable the Arab Governments to "acquiesce" in the existence of Israel and to save face with their people by yielding only to the dictates of an international body, backed by obviously superior force. Such determined UN action would involve the definition of a frontier and its delineation on the spot as an imposed boundary, with adherence to such a boundary by both sides demanded and guaranteed by the Security Council.

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OFFICE OF THE SECRETARY OF DEFENSE
Washington

ER 0970

26 August 1948

MEMORANDUM FOR ADMIRAL HILLENKOETTER

SUBJECT: Palestine

1. On 20 July 1948 you were requested to provide this office with an intelligence estimate of the Palestine situation which would assist our planning for military participation in support of the United Nations Mediator. A copy of this memorandum is attached.

2. We have recently augmented the number of personnel and quantity of equipment provided by the United States and we continue to attach the greatest importance to the efforts of the Mediator to establish a peaceful settlement of the controversy.

3. In view of the high quality and usefulness of your last estimate, I would appreciate your preparation of an intelligence estimate which would supplement the previous estimate by reviewing it and bringing it up to date.

/s/ JOHN H. OHLY
John H. Ohly
Special Asst. to the Secretary of Defense

Enclosure.

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